



STATE MINING AND GEOLOGY BOARD

EXECUTIVE OFFICER'S REPORT

For Meeting Date: September 8, 2011

Agenda Item No. 5: Approval of California Geological Survey's Special Report 223, Mineral Land Classification of the Proposed Riddle Surface Mine Property, Stanislaus County, California – for Construction Aggregate.

INTRODUCTION: In accordance with the “*Guidelines for Classification and Designation of Mineral Lands*”, the State Geologist reviews mineral land classification petitions. Should certain criteria be met, the State Geologist may recommend acceptance of the petition by the SMGB. The State Mining and Geology Board (SMGB) received a petition for mineral lands classification from Calaveras Materials, Inc., dated November 12, 2010, for mineral land classification of the proposed Riddle Surface Mine Project, located in the County of Stanislaus. At its February 10, 2011, regular business meeting, the SMGB accepted the petition for the re-classification of mineral resource land for this project. The California Geological Survey has completed Special Report 223, Mineral Land Classification of the Proposed Riddle Surface Mine Property, Stanislaus County, California – for Construction Aggregate which is before the SMGB for acceptance consideration.

STATUTORY AUTHORITY: Pursuant to PRC 2761(b), “*the State Geologist shall classify, solely on geologic factors, and without regard to existing land use and land ownership... any area for which classification has been requested by a petition which has been accepted by the board...*” Pursuant to PRC 2761(b)(3), “*The State Geologist shall require the petitioner to pay the reasonable costs of classifying an area for which classification has been requested by the petitioner...*”

BACKGROUND: The State Mining and Geology Board (SMGB) received a petition for mineral lands classification from Calaveras Materials, Inc., dated November 12, 2010, for mineral land classification of the proposed Riddle Surface Mine Project, located in the County of Stanislaus. The site consists of two non-contiguous parcels totaling 436 acres, and located approximately 3 miles west of the City of Newman in the County of Stanislaus. The petitioner requested that the State Geologist reclassify the property as MRZ-2a for Portland Cement Concrete (PCC) - grade aggregate.

The property consists of two parcels separated by approximately one-half mile; the northern parcel is 314.92 acres, the southern 121.06 acres. Approximately six acres of the northern property was classified as MRZ-2b for concrete-grade aggregate in California Division of Mines and Geology, “*Special Report 173, Mineral Land Classification of Stanislaus County,*” in 1993.

The petition application was reviewed by the CGS Minerals Resources Unit using the revised criteria for consideration of petitions, which were adopted by the SMGB in May 1994. The following determinations were made:



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Based on test information provided by the petitioner, it appears that:

- 1) Adequate information was available to proceed with the petition; and
- 2) A full review found that the deposit contains mineral resources that meet the SMGB's economic criteria for classification as MRZ-2.

At its February 10, 2011, regular business meeting, the SMGB accepted the petition for the re-classification of mineral resource land for this project.

For a mineral deposit to be considered significant, and thus eligible for MRZ-2 classification, the deposit must meet criteria established by the SMGB for material quality, marketability, and economic value. The category of MRZ-2 is defined as areas where adequate information indicates that significant mineral resources are present, or where it is judged that a high likelihood for their presence exists. Land included in MRZ-2 is of prime importance because it contains known economic mineral deposits. Significance of the deposit is determined by evaluating the quality of the deposit, its suitability as a marketable commodity, and by calculating the volume, tonnage and value of available aggregate resources contained within the property. Following completion of the classification study, CGS concluded that:

- Aggregate tests results provided by the petitioner and analyzed by CGS staff indicate that the material present on the subject site meets the specifications for a variety of construction aggregate uses up to and including PCC-grade aggregate.
- Aggregate resources exceed the minimum economic threshold value of \$17.3 million (2010 dollars) as established by the SMGB.
- Both the northern 315-1cre and southern 121-acre parcels have been reclassified MRZ-2 for construction aggregate as shown in Figure 2 of the report.

EXECUTIVE OFFICER'S RECOMMENDATION: Based on the information presented by the Petitioner, and the conclusions set forth by the State Geologist, the Executive Officer recommends that the SMGB accept CGS Special Report 223.



SUGGESTED MOTION LANGUAGE:

To Accept CGS Mineral Lands Classification Report Special Report 223:

Mr. Chairman, in light of the information before the State Mining and Geology Board today, I move that the Board accept Special Report 223, Mineral Land Classification of the Proposed Riddle Surface Mine Property, Stanislaus County, California – for Construction Aggregate, and return any unused funds to the operator.

Respectfully submitted:

Stephen M. Testa
Executive Officer

